



MEMORANDUM

To: District of Tofino Mayor and Council
 From: Ian Scott, Interim Executive Director
 Date: October 6th, 2021
 Re: Tofino Housing Corporation – October 2021 – Fall Update

The Tofino Housing Corporation (THC) has been providing these updates 2 to 3 times a year. This type of update was last provided in October 2020. However, in the Spring of 2021 we released the THC 2021-2023 Strategic Plan and the Tofino Housing Corporation Overview, and presented these to Council. Since the release of the Strategic Plan we have been including a Council member in each of our Board meetings to facilitate keeping all of Council more well-informed of THC activities. I also invite Mayor and Council to reach out to myself or the Board with questions at any time.

CREEKSIDE (700 Sharp Rd) and HEADWATERS (DL 114) PROGRESS

It was very rewarding to have held a construction celebration event at 700 Sharp Rd on September 27th to acknowledge the hard work and commitment of so many to get to the point where we have new non-market, affordable housing units under construction.

At the event Luke Harrison, President of Catalyst Community Developments Society announced the name of the project – *Creekside*, the application deadline – January 1st, 2022 and the move-in date – April 1st, 2022.



Catalyst Community Developments Society has also named the two rental housing buildings at DL 114 – *Headwaters*. Catalyst is expecting the BC Housing Executive Committee to give Final Project Approval to Headwaters North on October 13th. Headwaters North is a 35 unit building and the first of two BC Housing Community Housing Fund non-market affordable rental housing buildings planned for construction. Construction is expected to start on the Peterson Rd extension on October 25th with the construction of Headwaters North starting in February/March. Construction of Headwaters South is likely to start in the summer or fall of 2022.

<i>Project</i>	<i>Construction Start</i>	<i>Occupancy</i>	<i>Application Due</i>
Creekside – 14 rental units	February 2020	April 1 st , 2022	January 1 st , 2022
Peterson Rd extension	October 2021	n/a	n/a
Headwaters North – 35 rental units	February/March 2022	Spring/Summer 2023	Winter/Spring 2023
Headwaters South – 37 rental units	Summer/Fall 2022	Fall 2023/Winter 2024	Summer/Fall 2023



Anyone who has not already emailed Ian Scott at the THC or Catalyst with a request to be put on the list the list of interested potential applicants, should email renting@catalystcommdev.org. Catalyst operations staff will send out the application package later in October, with applications due no later than January 1st, 2022. Applications for Headwaters will be accepted closer to the buildings being completed.

For Creekside, all applications received by January 1st will be randomly ordered and processed in that order. Catalyst will undertake a process of reviewing applications for consistency with the Housing Agreement eligibility criteria (see below). Eligible applicants will be matched to unit type and rent structure based on their household size and income. All applicants will have to undergo typical rental housing reference and credit checks. Pets will be permitted and there are a number of accessible units designed for those with physical disabilities.

The Housing Agreement identifies the following eligibility criteria for first priority tenants (given the volume of anticipated applicants THC and Catalyst expect the first priority tenants to occupy all 14 units):

- Have lived in the Alberni-Clayoquot Regional District for 24 out of the past 36 months;
- Have been working full time for more than one year (1352 hours or self-employed) in Tofino or for Island Health, BC Parks or Parks Canada OR are a Senior OR are receiving disability assistance;
 - *Note: THC has requested the District agree to relaxing the full-time employment requirement for anyone who did not have full-time employment because their place of employment was closed for COVID-19 reasons in 2021.*
- They or their spouse do not own any real estate; and
- Have gross annual household income no higher than
 - Approximately \$51,000 to qualify for occupancy in respect of a one bedroom unit;
 - Approximately \$81,000 to qualify for occupancy in respect of a two bedroom unit; and
 - Approximately \$91,000 to qualify for occupancy in respect of a three bedroom unit.

Following the first rent up period, Catalyst will place all applicants not housed on a Creekside waitlist. Any applications received after January 1st will be placed at the bottom of that waitlist in the order received. It is important to note a couple things about the future waitlist:

- Separate applications will be required for Headwaters due to different eligibility criteria.
- When a unit at Creekside becomes available for rent again, position on the waitlist will be important, but so will other factors such as household size, income, disability status and readiness to rent when the unit becomes vacant.
- If a second or lower priority tenant is higher on the waitlist than a higher priority tenant, the higher priority tenant will be considered first:
 - 2nd priority tenants are those meeting all criteria except income requirements;
 - 3rd priority tenants are those meeting all criteria except income and residency requirements;
 - 4th priority tenants are those working in the Alberni-Clayoquot Regional District or are a Senior or on disability assistance; and
 - 5th priority tenants are anyone else.



Catalyst Community Developments Society is the building owner and operator. They have contracted property management to Ardent Properties Inc. and a Tofino-based caretaker is being hired for coordination with tenants and day-to-day building operations and maintenance.

OAP MRDT

Revenues from the MRDT tax on short-term vacation rentals continue to be relatively low. Total revenues received to date in this fiscal (\$57,159) are down 16% from the same three quarters last year (\$77,007) and 73% from 2019 (\$214,187). In contrast, the general MRDT revenues for the first three quarters of 2020 (\$470,412) were down 52% from 2019 (\$975,029), but only down 19% if you compare 2021 (\$792,344) to 2019.

There are a number of possible reasons for the significant discrepancy between the general MRDT and the OAP MRDT:

- THC has not yet received Q3 (July-September) OAP MRDT remittances; 59% of total OAP MRDT in 2020 came from Q3 filings; for the full fiscal of 2020 general MRDT was down 22% while OAP MRDT was down 31%.
- Discrepancy between when travellers come to Tofino and when OAPs file their MRDT.
- A larger number of short-term rentals being booked outside of the Online Accommodation Platforms and not paying the MRDT via the OAP tax; every seller of overnight accommodation less than 27 days long is supposed to collect MRDT; only MRDT collected via websites goes to THC and the rest goes to Tourism Tofino, regardless of accommodation providers size or type.
- A less robust mid COVID-19 pandemic recovery for the short-term vacation rental sector.

With respect to the last point, anecdotally it seems short-term vacation rental are just as well used as the hotels. Indeed, AirDNA, an online tracking system of short-term vacation rentals, suggests that 2020 short-term vacation rental booking revenues were about the same as 2019 and even better in 2021. There are, however, some known flaws with reliability of the AirDNA data.

THC budgeted for \$265,000 in OAP MRDT revenues in 2021, but there seems to be the possibility we won't even match last years \$188,957. We are budgeting for \$200,000 in revenues in 2022. Once the 2021 season is complete, and if the large discrepancies between the general MRDT and OAP MRDT COVID-19 impacts remain, THC will need to work with the District, the Province and other stakeholders to better understand the reasons for this so as to be able to better predict revenue for future years.



DL 114 PRICE RESTRICTED RESIDENT RESTRICTED DUPLEXES

With the selection of Headwaters North and Headwaters South as BC Housing Community Housing Fund projects, THC and Catalyst now have some certainty on the funding requirements for the apartments. THC has sufficient funds allocated from previous MRDT OAP years and Capital Reserve Funds from the Gateway 1 bedroom unit sale to meet THC's financial commitments to those projects.

THC is now going to shift its funding focus to the design and development of the Price Restricted Resident Restricted (PRRR) duplexes at DL 114. One of the three new duplex lots will be sold to raise some funds for this process and the bulk of the OAP MRDT will be dedicated to this project area. THC expects construction to start on these duplexes in 2022 or early 2023, funding and financing dependent.

The two PRRR duplexes are intended to have on each half of the duplex a 3 bedroom units with an additional 1 bedroom mortgage helper. THC has not made a decision on sale price, but the intent is to sell the duplexes at least 20-30% below market. Since THC did not have to purchase the duplex lots land, the expectation is these PRRR duplexes will be sold roughly equivalent to THC costs to develop them. Whether THC further subsidizes the original sale price (beyond the subsidy represent by free land) by selling them below cost will be determined at a later date. Whatever choice is made, the overall subsidy will be embedded into the potential resale price.

SEASONAL STAFF ACCOMMODATION

Through 2019 and into 2020 we explored options how THC might support the business community in efforts to provide more staff accommodation. Staff accommodation is housing provided by a business to one of its employees. This type of housing differs from the rental housing and PRRR housing at Sharp Rd and DL 114 as it is linked to employment with a specific business. Once an employee is no longer working for the business, the business is permitted to give notice.

Through consultation with businesses the one role identified for the THC was to work with a self-selected group of businesses to facilitate a shared staff accommodation project developed by a developer. To date no such project has been confirmed, but THC has had conversations with multiple parties who are looking at the potential for developing staff accommodation that would be available for rent or sale to Tofino businesses.

FUTURE THC RENTAL AND PRRR HOUSING PROJECTS

With specific timelines and funding confirmed for the first 86 rental housing units and 4 PRRR homes, THC is now turning its focus to how to achieve its Strategic Plan target of 150 rental units and 30 PRRR homes by 2030. The Sharp Rd and DL 114 developments were first conceived in 2018/2019 and will reach occupancy between 2022 and 2024. It is over the next two to three years that THC needs to identify and secure specific sites for an additional 64 rental units and 26 PRRR homes if we are to achieve the 2030 Housing Targets.



The options for additional development sites that THC will be pursuing include:

- Further development of a portion of the remainder of DL 114 still owned by the District of Tofino;
- Development of other lands owned by the District of Tofino;
- Working with the District to obtain land or units through rezonings;
- Working in partnership with other landowners; and
- Purchasing land or units.

Being able to develop at 700 Sharp Rd and DL 114, acquiring these lands for free from the District of Tofino, has meant that THC's other resources have stretched further than might otherwise have been the case. THC is hopeful that we will be able to secure similar contributions from the District of Tofino, the Province, the federal government and other sources to deliver similar number of homes to Tofitians over the next development cycle.

Yours respectfully,

Ian Scott, MCIP, RPP
Interim Executive Director
Tofino Housing Corporation